

PERSONAL SERVICES CONTRACTS PROGRAM STATEWIDE BLANKET WAIVER PILOT PROGRAM

Prepared by the Department of Personnel & Administration, Division of Human Resources, August 28, 2003.

Background

The Division of Human Resources (DHR) is delegated responsibility for the personal services contracts program by the state personnel director and reviews an average of 2500 to 3000 contracts and purchase orders annually. In addition, under CRS 24-50-509 and Director's Administrative Procedure P-10-6, the program issues personal services program waivers to departments and institutions of higher education (departments) for specific services, dollar levels, and number of vendors. This allows departments to bypass DHR's personal services review, provided the services meet conditions established in the program waivers.

In 2002, Chapter 10 of the Director's Administrative Procedures was streamlined to allow departments greater flexibility in personal services by: (1) establishing a \$5000 threshold for minor transactions, e.g., catering services and other services where review added no value to the contracts process; (2) expansion of the definition of scope; and, (3) the mandatory pre-approval of all solicitations prior to contract award. DHR is seeking ways to further streamline the personal services review process and allow departments more flexibility when entering into personal services contracts.

Goals for the Pilot Program

1. Focus on contracts that have a direct impact on the state personnel system.
2. Monitor, audit, and consult with departments on personal services contract activities.
3. Implement a process that expands on the current waiver process allowing departments greater flexibility to approve personal services contracts internally.
4. Should the pilot prove successful, pursue full ongoing implementation of the blanket waiver process for all state departments.

Pilot Program

DHR currently utilizes personal services program waivers for specific services, e.g., consulting services, IT services, and maintenance contracts. DHR is establishing a pilot program that will broaden the current practice from departmental personal services program waivers to a statewide blanket waiver for all departments, based on statutory criteria instead of specified services. Specifically, any contracts that can be approved under CRS 24-50-504 (2)(b) through (2)(h) and (3) will be covered under the broader statewide waiver during the pilot. The following conditions will apply to all departments participating in this pilot program.

- DHR will continue to review any personal services contract that falls under CRS 24-50-504 (2)(a) and 24-50-503 due to the greater potential impact on the state personnel system. Services falling under these categories must still be reviewed and certified by department HR offices, and submitted to DHR for final review and approval.
- HR professionals must review and sign appropriate documentation for any contract that falls under CRS 24-50-504 (2)(b) through (2)(h) and (3). Review of these types of contracts is waived by DHR.
- All services currently performed by state programs, such as printing, training, and data entry, must have pre-approval from these programs **before** seeking outside contractors to perform the service. HR professionals must ensure that these pre-approvals are obtained before approving the request. (See attached Prior-Approval Checklist.)
- HR professionals are required to review most personal services contracts to determine the approvable basis, sign all necessary documentation to ensure compliance with established waiver conditions, and forward to DHR if required. Documents requiring an HR signature include all certification forms and the issuance of pre-approval letters on solicitations. DHR will provide the forms and sample pre-approval letters.

Potential Advantages

1. The number of personal services contracts and purchases orders reviewed by DHR will be limited to those contracts approvable under CRS 24-50-504 (2) (a) and CRS 24-50-503, which will eliminate seemingly duplicative review by DHR and allow staff to consult and monitor personal services activity.
2. Individual department program waivers submitted to DHR will no longer be necessary. The pilot statewide blanket waiver process will replace all current individual program waivers for departments participating in this pilot, thus, eliminating numerous staff hours required to establish or renew these waivers on an annual basis both at the department and DHR levels.
3. This process will eliminate four days review time from the central review process for contracts that meet the conditions of the pilot statewide blanket waiver.
4. This process can be implemented within a short time and does not require further rulemaking or statutory changes.

Proposed Timeline

Activity	Target Date
Establish and refine statewide blanket waiver pilot draft language.	By August 29, 2003
Send draft waiver to departments for review and collect comments.	By September 12, 2003
Prepare departments through communication, e.g., CATF, PAC, CCIT, HR Network, email and publications, and PCP Personal Services Contracts Training	Begin August 2003 (communication)

Department heads submit letter to DHR to participate in pilot waiver process.	By September 19, 2003*
Pilot begins	October 1, 2003
Incorporate into audits and conduct customer survey to evaluate effectiveness	By August 2004
Pilot ends, determine pilot effectiveness, and how to proceed.	By October 1, 2004

* Departments may choose to participate in the pilot program up through January 31, 2004. However, in order to participate in this process beginning October 1, letters to the division director of DHR must be received by September 19, 2003.